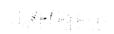
EX PARTE OR LATE FILED





Albert M. Lewis, Esq. Federal Government Affairs Vice President

Suite 1000 1120 20th Street, N.W. Washington, DC 20036 202 457-2009 FAX 202 457-2127

April 1, 1998

Ms. Magalie Roman Salas, Secretary **Federal Communications Commission** Office of the Secretary 1919 M. Street, NW Room 200 Washington, DC 20554

FEDERAL COMMUNICATIONS COMMISSION OFFICE OF THE SECRETARY

Re:

Ex parte - CC Docket No. 94-1 - (Price Cap Performance Review for Local Exchange Carriers

Dear Ms. Salas:

On March 31,1998, Joel Lubin, of AT&T, and I met with Michael Riordan and Patrick DeGraba of the Office of Plans and Policy, and Donald Stockdale of the Common Carrier Bureau. During the discussion, AT&T reviewed its position, as described by Mr. Lubin during his testimony at the en banc hearing on March 6, 1998. In particular, AT&T reviewed its proposal that the Commission delay the implementation of the cost proxy methodology for determining high cost support for the Major LECs, but not that it delay the adoption of a proxy cost model, at least until these companies have opened their markets to robust local competition. AT&T also reviewed the impact of Universal Service and Access Reform on the interexchange industry using the material contained in the enclosed ex parte submission.

Two copies of this Notice are being submitted to the Secretary of the Commission in accordance with Section 1.1206(a)(1) of the Commission's Rules.

Very truly yours,

albert M. Len

Enclosure

cc: Mr. M. Riordan

Mr. P. DeGraba Mr. D. Stockdale

No. of Copies rec'd_O +Z_

RECEIVED



Brian W. Masterson Government Affairs Director MAR 2 4 1998

FEDERAL COMMUNICATIONS COMMISSION OFFICE OF THE SECRETARY Suite 1000 1120 20th. St. NW Washington, DC 20036 202 457-3803 FAX 202 457-2545 EMAIL bmasters@lgamgw.aitmail.com

March 24, 1998

Ms. Magalie Roman Salas Secretary Federal Communications Commission 1919 M Street, Room 222 Washington, DC 20554

Re: Ex Parte Access Charge Reform CC Docket 96-262

Dear Ms Salas:

On March 23, 1998 Joel Lubin, and Paul Malandrakis of AT&T and I met with R. Lerner, J. Scott, and C. Barnekov, of the Competitive Pricing Division of the Common Carrier Bureau. AT&T discussed the impacts of Universal Service and Access Reform on the interexchange industry beginning July 1, 1998. AT&T quantified the impacts of several scenarios as detailed in the attached charts.

Further, AT&T advocated that the Commission, on July 1, 1998, set the LEC Interstate Price Cap Productivity Factor at 9.3% on a going forward basis and re-initialize interstate access prices from July 1, 1995 using the same factor. AT&T estimates that the amount of the July 1, 1998 access reduction for Price Cap companies resulting from the revised productivity factor and the re-initialization to be approximately \$3.6 billion.

In accordance with Section 1.1206(a)(1) of the Commission's rules, two (2) copies of this notice are being submitted to the Secretary of the FCC today.

Sincerely,

Brian W. Masterson

BrionWalacterson

Attachment

cc: R. Lemer

C. Barnekov

J. Scott

RECEIVED



Brian W. Masterson Government Allairs Director MAR 2 4 1998

FEDERAL COMMERCIATIONS COMMISSION OFFICE OF THE SECRETARY

Suite 1000 1120 20th, St. NW Washington, DC 20036 202 457-3803 FAX 202 457-2545 EMAIL bmasters@lgarngw.attmail.cc

March 24, 1998

Ms. Magalie Roman Salas Secretary Federal Communications Commission 1919 M Street, Room 222 Washington, DC 20554

Re: Ex Parte Price Cap Performance Review for Local Exchange Carriers CC Docket 94-1

Dear Ms Salas:

On March 23, 1998 Joel Lubin, and Paul Malandrakis of AT&T and I met with R. Lerner, J. Scott, and C. Barnekov, of the Competitive Pricing Division of the Common Carrier Bureau. AT&T discussed the impacts of Universal Service and Access Reform on the interexchange industry beginning July 1, 1998. AT&T quantified the impacts of several scenarios as detailed in the attached charts.

Further, AT&T advocated that the Commission, on July 1, 1998, set the LEC Interstate Price Cap Productivity Factor at 9.3% on a going forward basis and re-initialize interstate access prices from July 1, 1995 using the same factor. AT&T estimates that the amount of the July 1, 1998 access reduction for Price Cap companies resulting from the revised productivity factor and the re-initialization to be approximately \$3.6 billion.

In accordance with Section 1.1206(a)(1) of the Commission's rules, two (2) copies of this notice are being submitted to the Secretary of the FCC today.

Sincerely,

Brian W. Masterson

Brown Masterin

Attachment cc: R. Lemer

C. Barnekov

J. Scott



RECEIVED



Brian W. Masterson Government Affairs Director MAR 2 4 1998

FEBERAL COMMUNICATIONS COMMISSION OFFICE OF THE SECRETARY Suite 1000 1120 20th. St. NW Washington, DC 20036 202 457-3803 FAX 202 457-2545 EMAIL bmasters@lgamgw.attmail.c

March 24, 1998

Ms. Magalie Roman Salas Secretary Federal Communications Commission 1919 M Street, Room 222 Washington, DC 20554

Re: Ex Parte Federal State Joint Board on Universal Service CC Docket 96-45

Dear Ms Salas:

On March 23, 1998 Joel Lubin, and Paul Malandrakis of AT&T and I met with R. Lerner, J. Scott, and C. Barnekov, of the Competitive Pricing Division of the Common Carrier Bureau. AT&T discussed the impacts of Universal Service and Access Reform on the interexchange industry beginning July 1, 1998. AT&T quantified the impacts of several scenarios as detailed in the attached charts.

Further, AT&T advocated that the Commission, on July 1, 1998, set the LEC Interstate Price Cap Productivity Factor at 9.3% on a going forward basis and re-initialize interstate access prices from July 1, 1995 using the same factor. AT&T estimates that the amount of the July 1, 1998 access reduction for Price Cap companies resulting from the revised productivity factor and the re-initialization to be approximately \$3.6 billion.

In accordance with Section 1.1206(a)(1) of the Commission's rules, two (2) copies of this notice are being submitted to the Secretary of the FCC today.

Sincerely,

Brian W. Masterson

BronwMasterson

Attachment

cc: R. Lerner

C. Barnekov

J. Scott



Scenario Summary (\$Millions)					
· •	Base Case	Flat 3 and 4 Qt	Switched @ 0		
second Quarter					
SE S	325	325	325		
A Rufall Bath Care 3	25	25	25		
Total Socials	350	350	350		
Augunglichten der Leiter der Leite	s:				
	725	350	561		
Socials 40	725	350	561		
Results					
GBRer Minute Access Charges	(145)	(661)	(379)		
	607	23	366		
Lead of the Lead o	492	(671)	0		
USF Private Line	86	3	52		
Net industry	578	(668)	52		

Base Case

	1-Jul-98
Per Minute Access Charges	
PICCs	(30)
SLCs	(15)
LTS & DEM	
Flowback	582
Other	
P-cap	(681)
Total Per Minute Access	(145)
PICCs	30
Universal Service	
USF Assessment - Switched*	607
Total Universal Service	6074
Net Switched .	492a
USF Assessment - Private Line*	. 86
Net Industry**	578

^{*}Reflects revised USAC rates for 2nd Quarter and Industry revenue base published on 2/11/98

[&]quot;Effect of price caps on special access not included due to potential offset by headroom

(Millions) High Cost Fund	1 Quarter 434.1	2 Quarter 431.1	3 Quarter 434.1	4 Quarter 434.1	Total 1,733.4
Low Income	125.3	125.3	136.0	136.0	522.6
Schools and Libraries	300.0	325.0	625.0	625.0	1,875.0
Rural Health Care Providers	25.0	25.0	100.0	100.0	250.0
Interstate only Assessment Rate	3.20%	3.15%	3.23%	3.23%	erama er e e garçar a e e e e e e e e e e e e e e e e e e
Funding	559.4	556.4	570.1	. 570.1	2,256
Revenues	17,501	17,652	17,652	17,652	70,455
Total Rev. Assessment Rate	0.72%	0.76%	1.57%	1.57%	
Funding	325	350	725	725	2,125
Revenues	44,914	46,093	46,093	46,093	183,192
Interstate combinedarate	3:92%	3.91%	4.80%		The state of the state of
(Millions)	1 Quarter	2 Quarter	3 Quarter	4 Quarter	Total
Total of All Funds	884.4	906.4	1,295.1	1,295.1	4,381.0
IXC Assessment	590.3	598.4	767.6	767.6	2,723.7
IXC-direct socials	137.0	147.6	305.6	305.6	
IXC- direct High costs/Low Income	453.2	450.8	461.9	461.9	
IXC Share + Flowback	785.7	803.0	1,117.3	1,117.3	3,823.3

^{*}Revised to reflect 2nd quarter USAC revenues and contribution factors. Hence, flowback shown

for 2Qtr is what it should have been as opposed to what was available for the LEC 1/1 fillings

Flat 3 and 4 Qtr

. 1	-Jul-98
Per Minute Access Charges PICCs	33
SLCs LTS & DEM	(15)
Flowback Other	3
P-cap Total Per Minute Access	(681) (661)
PICCs	(33)
Universal Service	(00)
USF Assessment - Switched* Total Universal Service	23 23.
Net Switched	(674))
USF Assessment - Private Line* Net Industry**	3 (668)

^{*}Reflects revised USAC rates for 2nd Quarter and Industry revenue base published on 2/11/98

^{**}Effect of price caps on special access not included due to potential offset by headroom

(Millions)	1 Quarter	2 Quarter	3 Quarter	4 Quarter	Total
High Cost Fund	434.1	431.1	434.1	434.1	1,733.4
Low Income	125.3	125.3	125.3	125.3	501.2
Schools and Libraries	300.0	325.0	325.0	325.0	1,275.0
Sellodis and Elstanes	000.0	020.0	020.0	020.0	1,270.0
Rural Health Care Providers	25.0	25.0	25.0	25.0	100.0
Interstate only Assessment Rate	3.20%	3.15%	3.17%	3.17%	
Funding	559.4	556.4	559.4	559.4	2,235
Revenues	17,501	17,652	17,652	17,652	70,455
Total Rev. Assessment Rate	0.72%				
Funding	325 3 25	350	350	350	1,375
Revenues	44,914	46,093	46,093	46,093	183,192
Interstate combined rate	法三二3.92%	3.91%	3:93%	3:93%	
(14)11)	1 0	20	2 0	4.0	~
(Millions)	1 Quarter	2 Quarter		4 Quarter	
Total of All Funds	884.4	906.4	909.4	909.4	3,609.6
IXC Assessment	590.3		600.8		2,390.2
IXC-direct socials	137.0	147.6	147.6	147.6	
IXC- direct High costs/Low Income	453.2	450.8	453.2	453.2	
IXC Share + Flowback	785.7	803.0	805.8	805.8	3,200.3
*Davised to reflect 2nd quarter LISAC revenues	and contribution	a factors No.	nca flowback	a b aa	

^{*}Revised to reflect 2nd quarter USAC revenues and contribution factors. Hence, flowback shown

for 2Qtr is what it should have been as opposed to what was available for the LEC 1/1 filings

Switched @ 0

0

1-Jul-98

Per Minute Access Charges	
PICCs	(13)
SLCs	(15)
LTS & DEM	
Flowback	331
Other	
P-cap	(681)
Total Per Minute Access ខ្លឹ	(378)
PICCs	13
Universal Service	
USF Assessment - Switched*	365
Total Universal Service	365
Net Switched	(0)
USF Assessment - Private Line*	52
Net Industry**	52

^{*}Reflects revised USAC rates for 2ndQuarter and Industry revenue base published on 2/11/98

[&]quot;Effect of price caps on special access not included.

(Millions)		1 Quarter	2 Quarter	3 Quarter	4 Quarter	Total
High Cost Fund		434.1	431.1	434.1	434.1	1,733.4
Low Income		125.3	125.3	136.0	136.0	522.6
Schools and Libraries		300.0	325.0	461.4	461.4	1,547.7
Rural Health Care Provid	ers	25.0	25.0	100.0	100.0	250.0
Interstate only Assessme	ent Rate	3.20%	3.15%	3.23%	3.23%	
<u>.</u> ·	Funding	559.4	556.4	570.1	570.1	2,256
	Revenues	17,501	17,652	17,652	17,652	70,455
Total Rev. Assessment R	tate	0.72%	0.76%	1.22%	1.22%	
i i i i i i i i i i i i i i i i i i i	Funding	325	350	561.3614	561.3614	1,798
	Revenues	44,914	46,093	46,093	46,093	183,192
Interstate combined rate		3.92%	331%	4.45%	445%	
(Millions)		1 Quarter	2 Quarter	3 Quarter	4 Quarter	Total
Total of All Funds		884.4	906.4	1,131.5	1,131.5	4,053.7
IXC Assessment		590.3	598.4	698.6	698.6	2,585.7
IXC-direct socials		137.0	147.6	236.7	236.7	
IXC- direct High costs/Lov	w Income	453.2	450.8	461.9	461.9	
IXC Share + Flowback		785.7	803.0	985.8	985.8	3,560.2
*Revised to reflect 2nd quarter U	SAC revenues a	nd contributio	n factors. Hen	ice, flowback s	hown	
and the second s						

Flat 3 and 4 Qtr

Price Cap Reinitialization

	1-Jul-98
Per Minute Access Charges	
PICCs	635
SLCs	65
LTS & DEM	
Flowback	3
Other	
P-cap	(3,157)
Total Per Minute Access	2,453)
PICCs	(635)
Universal Service	
USF Assessment - Switched*	23
Total Universal Service	23
Net Switched	(3,066)
USF Assessment - Private Line*	3
Net Industry**	(3,063)

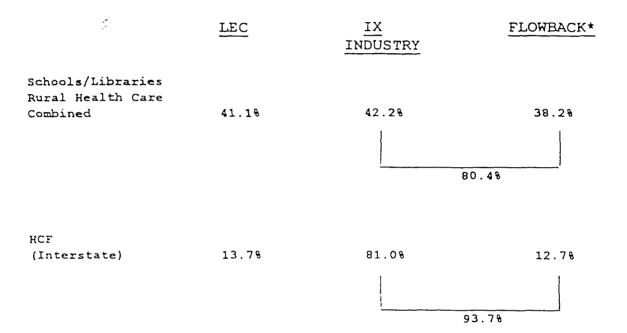
^{*}Reflects revised USAC rates for 2ndQuarter and Industry revenue base published on 2/11/98

^{**}Effect of price caps on special access not included

(Millions)			2 Quarter	3 Quarter		Total
High Cost Fund		434.1	431.1	434.1	434.1	1,733.4
Low Income		125.3	125.3	125.3	125.3	501.2
Schools and Libraries		300.0	325.0	325.0	325.0	1,275.0
Rural Health Care Providers	s	25.0	25.0	25.0	25.0	100.0
Interstate only Assessment	t Rate	3.20%	3.15%	3.17%	3.17%	
•	Funding	559.4	556.4	559.4	559.4	2,235
· · · · · · · · · · · · · · · · · · ·	Revenues	17,501	17,652	17,652	17,652	70,455
Total Rev. Assessment Rat	te	0.72%	0.76%	0.76%	0.76%	
	Funding	3 25	350	350	350	1,375
	Revenues	44,914	46,093	46,093	46,093	183,192
Interstate combined rate		254.3.92%	3391%	393%	少量3.93%	
•						
(Millions)		1 Quarter	2 Quarter	3 Quarter	4 Quarter	Total
Total of All Funds		884.4	906.4	909.4	909.4	3,609.6
IXC Assessment		590.3	598.4	8.008	600.8	2,390.2
IXC-direct socials		137.0	147.6	147.6	147.6	
IXC- direct High costs/Low	Income	453.2	450.8	453.2	453.2	
IXC Share + Flowback		785.7	803.0	805.8	805.8	3,200.3

^{*}Revised to reflect 2nd quarter USAC revenues and contribution factors. Hence, flowback shown

for 2Qtr is what it should have been as opposed to what was available for the LEC 1/1 filings



NOTE: 2nd quarter USAC revenues effective 4/1/98

* Assumed 93% Flowback

REINITIALIZATION OF LEC PRICE CAP PRODUCTIVITY FACTORS TO INTERSTATE LEVELS

ANNUAL TARIFF	REINITIALIZE TO 9.30%
FILING	(\$millions)
1995	(\$1,003)
1996	(\$639)
1997	(\$642)
1998.	(\$1,358)
TOTAL	(\$3,641)

NOTE: Reinitialization totals based on 1996 Base Year Revenues

^{*} Assume 1998 Annual Filing made with specified X factor.